

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 458 - SB 984

April 3, 2009

SUMMARY OF BILL: Enacts the "Drinking Water Access and Planning Resources Act of 2009". Authorizes each public water system to prepare and submit a system water plan to the Department of Environment and Conservation (TDEC). Requires TDEC to review any submitted plan and notify the system of any suggested changes. Outlines the information that may be included in water supply, emergency preparedness, and water conservation plan. Establishes a dedicated fund for loans, grants and guarantees to assist public water systems that have submitted a plan in meeting the goals of such plans. Authorizes the General Assembly to make appropriations to the fund.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – Exceeds \$450,000/FY08-09
Exceeds \$425,000/FY09-10
Exceeds \$425,000/FY10-11**

**Increase Local Expenditures – Increase Local Expenditures* –
Exceeds \$2,500,000/One-Time
Exceeds \$250,000/Recurring
Exceeds \$1,250,000/Every fifth
year**

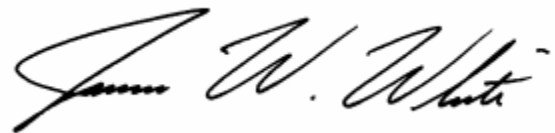
Other Fiscal Impact – The provisions of the bill create a dedicated fund to assist local governments in the implementation of certain water supply plans. However, though the bill does provide authorization for appropriations to the fund by the General Assembly, such funding is not required and an amount is not specified. If such appropriations do take place, state expenditures will increase in an amount equivalent to such appropriation. Any increase in state expenditures to cover the cost of administration of grants and loans from the fund are assumed to be included in any amount appropriated to the fund.

Assumptions:

- TDEC will be required to develop regional plans for water supply. The expenditures for such plans will be spread over three fiscal years. The estimated annual expenditure for such plans is \$375,000. This is based upon the development of nine regional plans at a cost of \$125,000 each.
- A one-time increase in state expenditures of \$25,000 for TDEC to contract with TAUD, MTAS, or CTAS to provide assistance to public water systems choosing to develop water supply plans.
- Any increase in state expenditures for TDEC to review plans submitted to the department is estimated to be not significant.
- Approximately 500 water systems statewide are subject to the provisions of the bill.
- A minimum cost of \$5,000 for each system to design the initial water plan as provided for in the bill. This will result in a one-time increase in local expenditures exceeding \$2,500,000 ($500 \times \$5,000 = \$2,500,000$).
- A minimum cost of \$500 per water system to provide the required annual report. This will result in a recurring increase in local government expenditures exceeding \$250,000 ($500 \times \$500 = \$250,000$).
- The bill requires an update of the original system water plan every five years. Assuming a minimum cost per system of \$2,500 to update such plan, there is estimated to be an increase in local government expenditures of \$1,250,000 every fifth year ($500 \times \$2,500 = \$1,250,000$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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